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INQUIRY

WEDNESDAY

MARCH 19, 2008

ORIGINAL

US court may rule vs Marcos victims

WASHINGTON—THE SUPREME COURT expressed sympathy on Monday for Filipino victims of the Ferdinand Marcos regime while raising the possibility it may have no choice but to rule against them in a dispute over who owns \$35 million that once belonged to the late dictator.

A lawyer for a group of more than 9,500 human rights victims from the Philippines and their heirs argued they should get the money as part of a \$2 billion judgment in US courts against the estate of Marcos.

The dictator, who died in 1989 in Hawaii, allegedly stole vast amounts of money from his own government before his overthrow in 1986, when the US flew him to exile in Hawaii.

The Philippine government says the dispute over the tiny fraction of allegedly stolen assets should be settled in Philippine courts, not in the United States, where it has been pending for eight years.

"Is it fair to say" to the victims, "Wait for a ruling in the Philippines?" asked Chief Justice John Roberts.

The victims, all opponents of Marcos' rule, were tortured or executed during the imposition of his martial law rule in the Philippines from 1972 to 1986.

The fight stems from Marcos' transfer of \$2 million in 1972 to Arelina S.A., a Panamanian shell corporation that invested the money on ownership.

When Merrill Lynch asked US courts to sort out the disagreement, the Philippine government invoked sovereign immunity, the doctrine that bars a legal proceeding against a government without its consent.

Ordinarily, that would have shut down the case in US courts, based on the absent Philippine government being an indispensable party to the case.

But a federal judge in Hawaii decided the matter could continue and ruled in the victims' favor, as did the 9th US Circuit Court of Appeals in San Francisco, even though the Philippine government was not a participant.

Invoking sovereign immunity is an automatic rule for dismissing a case, Charles Rothfeld, representing the Philippine government, told the justices.

Rothfeld said if Philippine courts rule in the government's favor, it can come into a US court armed with a judgment and allow those claiming a stake in the money can present their case.

Arguing for the victims, attorney Robert Swift said the Philippine government is "judge shopping" and "forum shopping" to get the dispute to continue the way it wants.

AP

THE PHILIPPINE STAR

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MARCH 19, 2008

PHILIPPINE STAR P 18 MM

US Supreme Court hints of possible adverse ruling vs FM rights victims

WASHINGTON — The US Supreme Court raised yesterday the possibility of ruling against human rights victims of martial law in a dispute over who owns \$35 million that belonged to the late President Ferdinand Marcos.

"Is it fair to say to the victims, 'Wait for a ruling in the Philippines?'" asked Chief Justice John Roberts.

Invoking sovereign immunity is an automatic rule for dismissing a case, Charles Rothfeld, representing the Philippine government, told the justices.

Rothfeld said if Philippine courts rule in the government's favor, it can come into a US court armed with a judgment and all those claiming a stake in the money can present their case.

Arguing for the victims, attorney Robert Swift said the Philippine government is "judge shopping" and "forum shopping" in an effort to get the dispute to come out the way it wants.

The Philippine government does have the right to pick the forum," Justice Ruth Bader Ginsburg replied.

"We should not be farming out decisions about assets... that have been here for 35 years," said Swift.

Justice Antonin Scalia suggested the court's hands may be tied by the sovereign immunity doctrine.

"I am just not terribly persuaded" by arguments that there is "terrible unfairness" in what the victims have had to face, said Scalia.

"The whole doctrine of sovereign immunity is unfair; the doctrine always has unfairness."

A lawyer for a group of more than 9,500 human rights victims and their heirs argued they should get the money as part of a \$2-billion judgment in US courts against the Marcos estate.

The Philippine government says the dispute over the tiny fraction of allegedly stolen assets should be settled in Philippine courts, not in the United States, where it has been pending for eight years.

The fight stems from Marcos's transfer of \$2 million in 1972 to Arelma S.A., a Panamanian shell corporation that invested the money with Merrill Lynch, Pierce, Fenner & Smith Inc., in New York.

By 2000, it had grown to \$35 million. A Philippine bank is holding Arelma share certificates in escrow until the courts rule on ownership.

When Merrill Lynch asked US courts to sort out the disagreement, the Philippine government invoked sovereign immunity, the doctrine that bars a legal proceeding against a government without its consent.

Ordinarily, that would have shut down the case in US courts, based on the absent Philippine government being an indispensable party to the case.

But a federal judge in Hawaii decided the matter could continue and ruled in the victims' favor, as did the 9th US Circuit Court of Appeals in San Francisco, even though the Philippine government was not a participant.

'GMA blocking US judgment'

Former Akbayan representative Loretta Ann Rosales, a human rights victim, accused President Arroyo yesterday of blocking a US court judgment awarding an initial \$35 million to thousands of human rights claimants.

"President Arroyo unconscionably spends \$3.5 million of government funds to pay the law firms of Mayer Brown and Platt together with Heller Ehrman to obstruct the awarding of \$35 million (to human rights victims)," she said.

"Over and above this, she recently hired a Washington lobbyist in the law firm of Covington and Burling for an annual fee of \$500,000 to, among other tasks, lobby against the \$35-million award."

THE PHILIPPINE

STAR

**WEDNESDAY
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Rosales said the money was awarded to victims of human rights abuses during the Marcos regime by Hawaii district judge Manuel Real in July 2004.

It came from funds of the Marcoses in Merrill Lynch amounting to \$2 million in 1972 that have grown to an estimated \$35 million. Rosales said the award has been affirmed by the US Court of Appeals and that Merrill Lynch was willing to give the money to the human rights victims.

"The martial law victims have so far won, while the Arroyo regime has lost in the US courts, but up to now, the victims have not been compensated," she said.

"The reason for this... is that Gloria prefers to grab this money for herself and her decrepit regime."

Rosales said Mrs. Arroyo has instructed Solicitor General Agnes Devanadera and Chairman Camilo Sabio of the Presidential Commission on Good Government to go to

the US to help the government's American lawyers fight the case in the US Supreme Court.

"This adds insult to injury, considering the fact that Camilo Sabio has a pending case before the Presidential Anti-Graft Commission for misuse of sequestered funds involving some P10 million through several withdrawals channeled to his personal account. He has no business representing the government and should have been suspended," she said.

Akbayan would ask its representatives in Congress to call for an investigation of the "ex-

orbitant fees" paid to American lawyers and the "junket" of Sabio, his relatives and other PCGG officials, Rosales said. - AP, Jess Diaz

PHILIPPINE DAILY INQUIRER

**TUESDAY
APRIL 1, 2008**

Tensions rise as world faces food crisis

WASHINGTON/PARIS—FOOD PRICES are soaring, a wealthier Asia is demanding better food and farmers can't keep up. In short, the world faces a food crisis and in some places it is already boiling over.

Around the globe, people are protesting and governments are responding with often counterproductive controls on prices and exports—a new politics of scarcity in which ensuring food supplies is becoming a major challenge for the 21st century.

Plundered by severe weather in producing countries and by a boom in demand from fast-developing nations, the world's wheat stocks are at 30-year lows. Grain prices have been on the rise for five years, ending decades of cheap food.

Widespread drought, a declining dollar, a shift of investment money into commodities and use of farm land to grow fuel have all contributed to the food woes. But population growth and the growing wealth of China and other emerging countries are likely to be more enduring factors.

World population is set to hit 9 billion by 2050, and most of the extra 2.5 billion people will live in the developing world. It is in these countries that the population is demanding dairy and meat, which require more land to produce.

"This is an additional setback for the world economy, at a time when we are already going through major turbulence. But the biggest drama is the impact of higher food prices on the poor," Angel Gurría, head of the Organization for Economic Cooperation and Development (OECD) told Reuters.

In Gurría's native Mexico, tens of thousands took to the streets last year over the cost of tortillas, a national staple whose price rocketed in tandem with the price of corn.

Accelerating prices

Global food prices, based on United Nations records, rose 35 percent in the year to the end of January, markedly accelerating an upturn that began, gently at first, in 2002. Since then, prices have risen 65 percent.

In 2007 alone, according to the UN Food and Agriculture Organization's world food index, dairy prices rose nearly 80 percent and grain 42 percent.

"The recent rise in global food commodity prices is more than just a short-term blip," British think tank Chatham House said in January.

"Society will have to decide the value to be placed on food and how ... market forces can be reconciled with domestic policy objectives," it said.

Many countries are already facing these choices.

After long opposition, Mexico's government is considering lifting a ban on genetically modified crops, to allow its farmers to compete with the United States, where high-yield, genetically modified corn is the norm.

The European Union and parts of Africa have similar bans that could also be reconsidered.

A number of governments, including Egypt, Argentina, Kazakhstan and China, have imposed restrictions to limit grain exports and keep more of their food at home.

Backlash

This knee-jerk response to food emergencies can result in farmers producing less food and threaten to undermine years of effort to open up international trade.

"If one country after the other adopts a 'starve-your-neighbor' policy, then eventually you trade smaller shares of total world production of agricultural products, and that in turn makes the prices more volatile," said Joachim von Braun, director general of the International Food Policy Research Institute in Washington.

In Argentina, a government tax on grain led to a strike by farmers that disrupted grain exports.

Vietnam and India, both major rice exporters, announced further curbs on overseas sales on Friday, sending rice higher on US futures markets. Other food commodities retreated from record highs in recent days but analysts attributed that less to fundamentals and more to profit-taking by investors.

Waves of discontent

In the next decade, the price of corn could rise 27 percent, oilseeds such as soybeans by 23 percent and rice 9 percent, according to tentative forecasts in February by the OECD and the United Nations.

Waves of discontent are already starting to be felt.

Violent protests hit Cameroon and Burkina Faso in February.

Protesters rallied in Indonesia recently and media reported deaths by starvation. In the Philippines, fast-food chains were urged to cut rice portions to counter a surge in prices.

Last year, the central bank of Australia—where minds were focused by two-year drought—asked whether a surge in commodity prices could be one of the few really big ones in world history like those of the mid-1930s or the 1970s.

Real commodity prices remained flat even during the rapid industrialization of the United States and Germany in the early 20th century.

China industrialization

But the industrialization of China, with 1.3 billion people, is on a totally different scale.

"China's population is proportionately much larger than the countries that industrialized in earlier periods and is almost double that of the current G7 nations combined," the Australian central bank said.

The emergence of China's middle class is adding hugely to demand for not just commodities like corn, soybeans and wheat but also for meat, milk and other high-price foods.

The Chinese, whose demand for meat grew in earnest in 2001, ate just 20 kilograms of meat per capita in 1985. They now eat 40 kilograms a year.

Each pound of beef takes about 15 pounds of grain to produce, which means that corn that could be used to grow food for humans is being diverted to growing animal feed.

PHILIPPINE DAILY INQUIRER

Tensions rise as world face food crisis

Biofuel trouble

As the West seeks to tackle the risk of global warming, a drive toward greener fuels is compounding the world's food problems.

It is estimated that one in four bushels of corn from this year's US corn crop will be diverted to make fuel ethanol.

"Turning food into fuel for cars is a major mistake on many fronts," said Janet Larsen, director of research at the Earth Policy Institute, an environmental group based in Washington.

"One, we're already seeing higher food prices in the American supermarket. Two, perhaps more serious from a global perspective, we're seeing higher food prices in developing countries where it's escalated as far as people rioting in the streets."

Similarly, palm oil is at record prices because of demand to use it for biofuel, causing

pain for low income families in Indonesia and Malaysia, where it is a staple.

But despite the rising criticism of biofuels, the US corn-fed ethanol industry enjoys wide political support because it boosts farmers, who suffered years of low prices,

and that support is likely to continue.

14 years of steep rises

John Bruton, the European Union's ambassador to the United States, predicts that the world faces 10 to 15 years of steep rises in food costs. And it is the poor in Africa and, increasingly, South East Asia, who will be most vulnerable.

The director of the UN World Food Program, Josette Sheeran, is on a global tour in search of donations to fill a \$500-million funding gap caused by the rising prices. America's largest aid program, Food for Peace, has seen its commodity prices jump 40 percent and may have to curtail donations.

But aid and many policy options available to governments for helping the hungry distort markets and cause pain elsewhere in their economies, according to proponents of free markets.

"I was involved in a government that introduced food subsidies in Ireland and we had the devil's own job to get rid of them," said Bruton, who was prime minister of Ireland from 1994 to 1997.

Others trust that better fertilizer—higher-yielding crops—some of them genetically modified—will keep production in line with demand.

Signal to produce more

Bruce Babcock, an economist at State University, said the rising prices were a signal to farmers that they need to raise production.

"It's actually the greatest time in the world to be a farmer around the world," Babcock said. "We are going to see substantial increases in production because farmers have never had such an incentive to increase production."

But others note that expensive energy and fertilizers are out of reach of farmers in poor countries.

Around the beginning of the 19th century, British political economist Thomas Malthus said population had the potential to grow much faster than food supply. His prediction that efficient farming would eventually prove wrong. Now, at the beginning of the 21st century, some are revisiting his predictions.

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THE PHILIPPINE STAR

TUESDAY
APRIL 1, 2008

World faces food crisis

WASHINGTON/PARIS

Food prices are soaring, a wealthier Asia is demanding better food and farmers can't keep up. In short, the world faces a food crisis and in some places it is already boiling over.

Around the globe, people are protesting and governments are responding with often counterproductive controls on prices and exports - a new politics of scarcity in which ensuring food supplies is becoming a major challenge for the 21st century.

Plundered by severe weather in producing countries and by a boom in demand from fast-developing nations, the world's wheat stocks are at 30-year lows. Grain prices have been on the rise for five years, ending decades of cheap food.

Drought, a declining dollar, a shift of investment money into commodities and use of farm land to grow fuel have all contributed to food woes. But population growth and the growing wealth of China and other emerging countries are likely to be more enduring factors.

World population is set to hit 9 billion by 2050, and most of the extra 2.5 billion people will live in the developing world. It is in these countries that the population is demanding dairy and meat, which require more land to produce.

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THE PHILIPPINE STAR

APRIL 1, 2008 TUESDAY

World faces

From Page 1

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yield, genetically modified corn is the norm.

The European Union, and parts of Africa have similar bans that could also be reconsidered.

A number of governments, including Egypt, Argentina, Kazakhstan and China, have imposed restrictions to limit grain exports and keep more of their food at home.

This knee-jerk response to food emergencies can result in farmers producing less food and threatens to undermine years of effort to open up international trade.

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testers rallied in Indonesia recently and media reported deaths by starvation. In the Philippines, fast-food chains were urged to cut rice portions to counter a surge in prices.

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"China's population is proportionately much larger than the countries that industrialized in earlier periods and is

almost double that of the current G7 nations combined," the Australian central bank said.

The emergence of China's middle class is adding hugely to demand for not just basic commodities like corn, soybeans and wheat, but also for meat, milk and other high-protein foods.

The Chinese, whose rise began in earnest in 2001, ate just 20 kilograms (44 pounds) of meat per capita in 1985. They now eat 50 kilograms (110 pounds) a year.

Each pound of beef takes about seven pounds of grain to produce, which means land that could be used to grow food for humans is being diverted to growing animal feed.

Biofuel trouble

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"It's actually the greatest time in the world to be a farmer around the world," Babcock said. "We are going to see fairly substantial increases in production because farmers have never had such a large incentive to increase production."

But others note that expensive seeds and fertilizers are out of reach of farmers in poor countries.

Around the beginning of the 19th Century British political economist Thomas Malthus said population had the potential to grow much faster than food supply, a prediction that efficient farming consistently proved wrong. Now, at the beginning of the 21st century, some are revisiting his predictions.

PHILIPPINE DAILY INQUIRER

**TUESDAY
APRIL 1, 2008**

Gov't move seen as sign of a crisis

By Anselmo Roque
Inquirer Central Luzon
TJ Burgonio and Amy R. Remo

GUARDING AGAINST DIVER-
sion of its subsidized rice, the
National Food Authority has
started distributing one-kilo-
gram packs, instead of the
usual 50-kg bags, to retailers
in Central Luzon provinces.

Nicolas Crisostomo, NFA regional
director, said the repacking of the NFA
rice into 1-kg bags would also ensure
that consumers would get the correct
weight of the cereal they are buying.

"We hired several workers to rush
the repacking of NFA rice into 1-kg
packs for distribution to our 1,500 re-
tailers in Central Luzon," Crisostomo
told the INQUIRER yesterday.

"This will entail no extra cost to the
consumers as it will be sold at P18.25
per pack," he said.

Each customer can only buy
three 1-kg packs a day, which
could be an indication the country
is facing a shortfall in its staple
amid rising prices and low global
inventories.

Prices of some commercial
varieties in Davao City, for in-
stance, increased last week to
P29 to P30 a kilo, up from P25
to P27 the previous week.

Insufficient stocks

The NFA has recommended
the importation of an additional
500,000 metric tons of rice on
top of 1.6 million metric tons
this year, proof of a rice crisis,
according to farmers' group.

"This is an admission that the
government has insufficient
stocks of rice, which it wants to fill
with an importation. This is char-
acteristic of a rice crisis," Rafael
Mariano, chair of the Kilusang
Magbubukid ng Pilipinas (KMP),
said in a phone interview.

The NFA recommendation,
contained in a memorandum
dated Feb. 11, is a sign that the
state agency has little supply of
the staple in its warehouses,
Mariano said.

Hoarding, repacking

The rising prices have en-
couraged traders to hoard rice,
putting further upward pres-
sure on prices.

President Macapagal-Arroyo
ordered last week a crackdown
on hoarders and NFA retailers
mislabeling the cheap govern-
ment rice as commercial vari-
eties or mixing them with more
expensive ones.

On Friday, the NFA and the Na-
tional Bureau of Investigation
found 1,000 sacks of NFA rice
remilled as a commercial variety
at the Metro-Grains Marketing
Warehouse in Barangay Pun-
turin, Valenzuela City, along with
20,000 sacks of NFA rice.

Suspended retailers

Ricardo Diaz, chief of staff of
the NBI deputy director of intel-
ligence services, said the
repacked NFA rice found in the
warehouse had been remilled

to appear "whiter" and was sold
as *sinandomeng*, which was
priced at P34 to P35 a kilo.

Also last week, the NFA office
in Catanduanes suspended the
allocations of five accredited
rice retailers at the Virac Public
Market for allegedly diverting
subsidized rice and committing
other violations.

Numerous reports and text
messages flooded the NFA hot-
line on the alleged diversion, re-
bagging, wholesaling and over-
pricing of NFA rice in the
province, according to NFA
provincial manager Oscar S.G.
Tubalinal.

In Cabanatuan City, Crisosto-
mo said 2-kg packs of rice
would also be distributed to
NFA outlets in public markets
soon.

For greater visibility, NFA re-
tailers in public markets have
been clustered into cells or "sel-
da" of five each.

This means that instead of
distributing the NFA rice to five
different retailers, it will be
done at one clustered outlet,

Crisostomo said.

NFA rice is also sold at "Tin-
dahan Natin," "Tindahan sa
Parokya" and outlets contracted
by the Department of Social
Welfare and Development.

NBI help

Crisostomo said teams from
the various NFA offices in Cen-
tral Luzon had been fielded to
monitor the trade in NFA rice.

He also asked the police and
the NBI to help in preventing
the diversion of NFA rice to un-
scrupulous traders.

A memorandum of agreement
empowering the NBI to "investi-
gate, inspect, seize and file cases"
on rice hoarding will be signed to-
day by the agency and the NFA.

16-days' worth of supply

NFA Administrator Jessup P.
Navarro yesterday assured the
public that the agency had 16
days worth of rice "in transit" or
about 528,000 metric tons on
ships and at ports, significantly
beefing up the country's supply
even before the lean season.

PHILIPPINE DAILY INQUIRER TUESDAY APRIL 1, 2008

NFA sells 1-kg rice packs to retailers

Navarro said this was on top of the 12-day stockpile stored in the agency's warehouses nationwide and the stocks stored in households and commercial depositories.

As of Feb. 1, stocks in NFA and commercial warehouses and households were placed at 1.83 million metric tons, good for 57 days.

Of this volume, 62 percent (1.134 million MT) was in households; 23 percent (432,200 MT) in commercial warehouses, and 15 percent (268,500 MT) in NFA depositories. Imported rice accounted for 89 percent of NFA stocks.

As it is, this volume more than meets the NFA's mandate of maintaining a food security inventory equivalent to 15 days of national consumption. A 30-day buffer stock, however, is required during the lean months from July to September.

The country's daily rice consumption is estimated at 33,000 metric tons.

"From the 1.2 million MT we have contracted from the last three tenders, some 400,000 MT have already arrived," Navarro said.

Additional volume

In his Feb. 11 memorandum, Navarro asked the chair and members of the NFA Council to authorize him to import an additional 500,000 metric tons of rice this year.

This is on top of the importation of 1.6 million metric tons the council earlier approved.

Navarro also asked the council to grant the NFA a price for the additional volume of rice at worth \$250 million of 2007 dollar (at a rate of P42 to a dollar).

The KVP, furnished by the NFA, furnished a photocopy of the memorandum signed by Navarro to the Inter-Agency Committee on Rice and Grain Affairs.

Navarro said the committee affirmed its earlier recommendation to import some 1.6 million metric tons (MMT) to 2.1 MMT of milled rice for 2008.

This time, however, the committee "supports to bring in the high-end estimate of 2.1 MMT," he said. The council is chaired by Agriculture Secretary Arthur Yap.

Volatile world market

Navarro cited the following as the bases for his recommendation:

- Forecast by the Philippine Atmospheric Geophysical and Astronomical Services Administration that the country would experience abnormal weather throughout the first quarter of the year.

- Neutral conditions would most likely occur during the second half of the year. Some two to five cyclones are expected to hit the country during the first half, which could adversely affect the standing paddy (unhusked rice) crop.

- Total paddy production for 2007 was recorded at 16.237 MMT, almost 6 percent higher than the output in 2006.

- The registered growth in paddy production is not enough to meet the combined effects of

an increase in demand and the need to maintain the required buffer stock by July 1.

- The reported tight global rice situation has been largely reported to worsen with the export of paddy from Vietnam, which was reported to be already suspended in its export activities for 2008 after limited supply. Also, Vietnam's rice Department of Agriculture said it could only assure 1 MMT of rice export to the Philippines.

- World market prices remain volatile.

- So far, the NFA has procured a total of only 1.658 MMT of rice. Meanwhile, NFA import requirement was estimated to be at 2.1 MMT.

- Rice supply use estimates for crop year 2007-08, considering three scenarios (high, medium, low) showed that despite projected gains in productivity, the country will still require an import of 2.1 MMT to 2.2 MMT to meet the demand.

Navarro said the demand and buffer stock requirement good for 90 days by end of June 30 this year," Navarro said.

Church to distribute rice

Caloocan City Bishop Deogracias Iniguez said the food crisis in the country was a symptom of "mal-governance."

"I was able to attend several discussions on the food crisis and we are already in the middle of it and that is certainly part of the greater picture, which is the poverty," he said over Church-rfm radio veritas.

He said favored Yap's proposal for the Church to distribute NFA rice.

"That can be discussed in the past, we had joint projects for the people. So that can be discussed in the dioceses or they (government officials) can talk with the CBCP (Catholic Bishops' Conference of the Philippines) president," Iniguez said.

With reports from Allison W. Lopez and Jeannette L. Andrade in Manila; Fernán G. Anan, Inquirer Southern Luzon

PHILIPPINE DAILY INQUIRER

**TUESDAY
APRIL 1, 2008**

GMA to boost RP stockpiles of rice

HONG KONG—THE PHILIPPINES is in talks with some neighboring countries to obtain additional rice supplies following its purchase agreement with Vietnam, President Macapagal-Arroyo said here yesterday.

"The Vietnam supplies should cover it, but for redundancy we are talking with other countries as well," Ms. Arroyo told Reuters, referring to additional measures Manila was taking to ensure adequate supplies.

She declined to name the countries but said: "They are neighbor-

ing countries in the region."

The Philippines, one of the world's biggest rice importers, has said it would buy up to 2.1 million metric tons this year in what could be its biggest overseas purchase of the grain in a decade as the government worries about the political fallout from rising prices.

The country's estimated 90 million people consume 33,000 tons of rice per day, and the government is trying to contain a surge in prices of the staple by securing guaranteed supplies.

GMA/A6

PHILIPPINE DAILY INQUIRER

TUESDAY

APRIL 1, 2008

GMA to boost RP stockpiles of rice

From page A1

Possible sources for the grain would be Thailand, China, Pakistan, Australia and India.

Last week, the Philippines and Vietnam signed a memorandum of agreement where the former would import 1.5 million metric tons of Vietnamese white rice.

However, the Philippines is not guaranteed to get the full supply, Xu Xuan Troung, Vietnam's ambassador to the Philippines, said Hanoi would try its best to supply the rice.

Vietnam, the world's second-largest exporter after Thailand, is facing production difficulties because of a pest outbreak.

Low global stocks

The Philippines may find it difficult to fill its rice shortfall because rice-exporting countries are curbing exports to protect their domestic supplies and rising prices and steadily depleting stockpiles.

Global rice stocks are at their

lowest in 32 years, according to Financial Times.

On Thursday, the price of medium-grade rice from Thailand rose to \$760 a metric ton, more than twice the \$360 a ton at the end of 2007.

The recent price increases have been matched across a range of agricultural commodities, as increased global demand along with a boom in growing crops for fuel instead of food has pushed up prices.

Export ban

Egypt, a leading exporter, has imposed a ban on selling rice abroad to keep local prices down. Cambodia, a small exporter, also announced Thursday an export ban.

India, on Friday, set \$1,000 a ton as the minimum export price to encourage dealers to sell to the domestic market.

It is estimated that the export restrictions have removed a

third of rice traded in the international market.

"I have no idea how importing countries will get rice," the Financial Times quoted Chookiat Ophaswongse, president of the Thai Rice Exporters Association, as saying. He expects prices to rise further.

Hoarding

Farmers across Asia are hoarding their supplies as rice prices hit record highs, raising the prospect of a shortage in the region and Africa that could lead to widespread unrest.

Rice is a staple for more than 2.5 billion people in Asia. It is also a staple in Africa particularly for small countries such as Cameroon, Burkina Faso and Senegal.

Protests have already broken out in countries like Guinea, Egypt and the Philippines. Chookiat said farmers and millers were holding on to their

crops as prices continued to rise.

He said exporters who had entered into supply deals with foreign buyers were trying to find a way to compensate their customers because they could not physically get hold of the rice, the Wall Street Journal reported yesterday.

Boost production

To protect itself against spiraling global food prices, the Philippines will boost rice production by 7 percent this year, according to Ms. Arroyo.

"We have recognized that farming, not just in the Philippines, but in many parts of Asia, needs to be modernized," she told the annual Asian Investment Conference (AIC) organized by Credit Suisse here.

"We have been spending unprecedented amounts in our agricultural sector—irrigation, seed support, research and development.

"That is why we are expecting this year a 7-percent increase in rice production," she said.

The President, who is in Hong Kong to try and attract foreign investment into the Philippines, said the government would also be providing targeted relief to help the poor deal with the rocketing cost of the country's staple.

Rice is a political commodity in the Philippines, and any fluctuations in price and shortages in supply could potentially rouse unrest, analysts have warned.

Last week, Ms. Arroyo ordered a crackdown on illegal rice trading.

Tariff cut

She said the strong Philippine economy would make it possible for the country to "weather" the challenges facing the global economy, including the rising rice prices and slowing economies in North America and Europe.

Finance Secretary Margarito Teves told reporters here that his office was still studying the proposal of the World Bank for the government to cut the 50-percent tariff duty on imported rice.

"We want to know first the volume of rice being imported by the private sector. We need important data so we can decide on what we will do," Teves said.

He said lowering the duty on rice imports would result in lost revenue for the government.

The President has approved a proposal for local government units to sell National Food Authority-subsidized rice, according to Eastern Samar Gov. Benjamin Evardone, who joined the presidential party.

Evardone told reporters that Ms. Arroyo approved his proposal at last Sunday's meeting here with Filipino supporters belonging to a group called "GMA pa rin." Reports from Christine O. Avendaño, Reuters and AFP

THE PHILIPPINE STAR

**TUESDAY
APRIL 1, 2008**

Rice buffer good for 12 days; imports coming

Some 396,000 metric tons of rice equivalent to 12 days' supply are on standby at the National Food Authority (NFA) warehouse, and another 495,000 metric tons to last for 15 days are either in transit or waiting to be unloaded at the pier.

The goal of the Department of Agriculture (DA) is to bring the NFA's rice stock up to the equivalent of 45 to 60 days.

NFA administrator Jessup Navarro told **The STAR** their buffer stock includes 40,000 metric tons of premium grade rice from the United States, part of the community loan for the Philippines under US Public Law 480.

The rice arrived from the US about two months ago, he added.

Navarro said the US premium grade rice is being re-

packed into packages of one to three kilos to be sold to the public at P25 per kilo.

The public will be allowed to buy only up to three kilos each of NFA rice, he added.

Navarro said the NFA is directly distributing its rice stock to accredited dealers and will sell directly to consumers through its rolling stores.

The NFA has the authority to import up to 2.2 million

metric tons of rice this year, he added.

Navarro said the Philippines is hoping to secure additional rice from the US under another program known as the GSM 102.

The US Department of Agriculture had recently agreed to increase the original loan amount from \$65 million to \$75 million, he added.

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THE PHILIPPINE STAR

**TUESDAY
APRIL 1, 2008**

Rice yield to increase - GMA

In Hong Kong, President Arroyo said yesterday the government expects domestic rice yield to increase by seven percent this year.

Speaking at the Credit Suisse-sponsored Asian Investment Conference, Mrs. Arroyo said the country could attain a seven percent growth in rice production this year in spite of the tight supply of rice worldwide.

"We recognize that farming needs to be modernized," she said.

"We have been rigidly implementing our Agricultural and Fisheries Modernization Act, spending unprecedented amounts of money in our agriculture sector - irrigation, farm-to-market roads, food support, research and development."

Mrs. Arroyo said her confidence lies in the government's heavy investments in modernizing the agriculture and fisheries sector.

"That's why we expect this year a seven percent increase in rice production," she said.

"What we are doing as part of pump-priming is to spend more and more on agricultural modernization and also on targeted release for the poorest of the poor, who will be the ones to bear the brunt of the increase in price of rice."

"What is important is that we make sure that the poorest of the poor will get relief from the hardships not only brought about by the declining world production but also by all the other vagaries that would come up - the high price of oil, the credit crunch in the big economies such as the United States."

'Help farmers, stop rice imports'

In Isabela, Gov. Grace Padaca urged the national government to focus more on extending assistance to rice farmers to achieve rice sufficiency instead of resorting to rice importation.

"It's about time that the national government continues or even doubles its effort in assisting our farmers," she said.

Padaca called on the administration to set up more irrigation systems, water impounding dams and other related infrastructure as well as farm inputs to farmers, especially in rice-producing provinces like Isabela.

Padaca said Filipino farmers could be at par with, or be even more than capable than their counterparts in other rice-producing countries if given the proper attention.

"Just give our Filipino farmers the needed support and we will not talk about rice shortage," she said.

Padaca said under Isabela's price stabilization program for rice and corn, they were able to increase the income of rice and corn farmers with subsidy from the provincial government through the NFA.

"There are still many things we can do for us to achieve rice sufficiency by not necessarily resorting to importation," she said.

"Just extend our farmers the needed support."

Isabela, along with Nueva Vizcaya, Quirino and Cagayan provinces, contributes at least 40 percent of the country's rice requirements.

Meanwhile, Finance Undersecretary Roberto Tan told reporters yesterday the government is looking for ways to "address" the increase in rice prices without resorting to subsidy.

"Definitely, the government will be providing appropriate measures," he said.

The NFA was losing some P6 billion a year due largely to rice subsidies, he added.

The government will look at the possibility of reducing the 50 percent tariff on imported rice, Tan said.

Bishops to help distribute rice

The Catholic Bishops' Conference of the Philippines sees no problem with the proposal of Agriculture Secretary Arthur Yap for NFA rice to be distributed in churches and parishes.

"That can be arranged," said Caloocan Bishop Deogracias Iniguez Jr., CBCP public affairs chairman, over Catholic Church-run *Radyo Veritas* yesterday.

"In the past, the Church and government usually come up with joint projects for the people in times of crisis."

"So that (proposal) can be stressed either in individual diocese or in the CBCP as a whole. Maybe we can talk to our president in the CBCP."

Iniguez said there is nothing wrong with the Church lending its credibility in advancing government programs as long as it is done for the common good.

"I don't think it's that bad since we also have some departments in government that still enjoy credibility," he said.

"Maybe they just want the help of the Church for their project."

The government must ensure that the limited supply of NFA rice should reach as many rightful beneficiaries as possible, Iniguez said.

NBI to probe rice hoarders

The National Bureau of Investigation will probe rice hoarders and file charges against them in court.

Regional Director Ricardo Diaz, chief-of-staff of NBI-Deputy Director for Intelligence Services (DDIS) Ruel Lasala, was finalizing the details of an agreement between NBI Director Nestor Mantaring and NFA's Navarro.

"Right now, we only accompany them and the NFA officers are the ones doing the inspections and investigations," he said.

"But once the MOA is signed then we could do the inspection, seizures, investigation and the filing of cases."

Last March 28, an NBI team led by Attorney Diaz accompanied NFA officials in raiding the Metro Gains Marketing Inc. in Barangay Punturin, Valenzuela, where they reportedly found 20,000 sacks of NFA rice and about 1,000 sacks of Sinandomeng high quality rice.

STAR

TUESDAY APRIL 1, 2008

'Rice crisis to hit children'

Children in Mindanao could be hit hardest by the impending rice crisis, according to the United Nations food agency.

Valerie Guarnieri, World Food Program (WFP) country director, told *Newsbreak* the costs for food purchases of the UN agency have almost doubled.

"The price increases are straining our budget," Guarnieri said.

"We may be able to reach less people as a result."

Guarnieri said the WFP's budget for food purchases (to include rice, corn, and cooking oil) now account for 60 percent of the agency's total budget, from 45 percent last year.

The WFP is suffering from a \$500-million gap in its budget for its worldwide operation as a result of skyrocketing prices of grains, Guarnieri added.

Guarnieri said if the trend continues, the WFP may cut down on the number of beneficiaries for its "Food for Education" program.

Based on the latest prices of rice, the WFP is spending \$11 million for 23,000 metric tons of rice, Guarnieri added.

The UN-WFP is extending food assistance to about 1.1 million people in Mindanao as part of its "Food for Education" program in the region.

Under the program, 187,000 children in Grades 1 to 6 are provided with 12.5 kilos of rice each month to encourage parents to send their children to school.

'Plant rice in prison'

Former Bureau of Corrections director Ricardo Macala

has proposed converting and developing the penal colonies in Iwahig, Sablayan, Abuyog and Davao into rice lands for GMA Super hybrid rice, a rice variety named after Mrs. Arroyo.

"Tripling our country's rice production will promote self sufficiency in rice, thus reducing or ending our dependencies on rice importation," he said.

Macala said the Iwahig penal colony has nine major rivers and almost a hundred tributaries.

"Since it is only in Iwahig where watersheds are abundant, irrigation is continuous even in the unlikely incident of draught," he said.

Macala said Iwahig could support rice paddies even if it does not rain for more than a year.

Iwahig is a typhoon-free area with an abundant workforce of inmates, which could be duplicated in other penal colonies, he added.

Iwahig covers 28,000 hectares in Palawan. Sablayan Penal Colony in Mindoro has

16,000 hectares, Abuyog Penal Colony in Leyte has 12,000 hectares and Davao Penal Colony has 5,500 hectares, or a total of 61,500 hectares for planting rice, Macala said.

'Privatize rice importation'

Sen. Loren Legarda has filed a bill seeking to allow farmers to import rice to stop an impending shortage.

Senate Bill 1081 aims to amend Presidential Decree 1770 to allow the NFA to focus on buying at market prices the grain produced by local farmers.

Legarda said the country needs to push for a robust and rapidly expanding farm sector.

"Solid food production is also the best way for us to guarantee stable and affordable consumer prices. In the process, we also get to fight widespread hunger - by creating gainful employment in the countryside and making food more accessible, both in terms of price and income, to more people," she said.

Senate President Manuel Villar Jr. has introduced a similar measure, and so has Nueva Ecija Rep. Eduardo Josen.

The government must temporarily subsidize fertilizer and pesticide supplies for farmers, Villar said.

Sen. Edgardo Angara said the supply problem can be corrected by four million metric tons of rice that would be harvested from local paddies in April and May and the two million commitment from Vietnam.

Sen. Richard Gordon said the country still needs to import 15 to 20 percent of its rice needs despite billions spent by the government on increasing rice production.

- Marianne Go, Marvin Sy, Charlie Lagasca, Des Ferriols, Edu Punay, Evelyn Macairan, Arnell Ozaeta, Christina Mendez, Katherine Adraneda, Patolo Romero, *Newsbreak*, ABS-CBN News.com/Newsbreak

PHILIPPINE DAILY INQUIRER

MONDAY
APRIL 7, 2008

High food prices to stay

But RP has enough rice supply to feed 90M

By Amy R. Remo

THE DAYS OF CHEAP food are gone.

While the country has enough rice to feed 90 million Filipinos this year, "we just have to start paying for higher prices" of goods and basic commodities, said Rolando T. Dy, who heads the agribusiness unit at the University of Asia and the Pacific.

The higher prices are due partly to increases in the cost of oil, fertilizer, transport, as well as the high demand for biofuel feedstock, Dy said.

SPECIAL REPORT

"Prices also have a speculative component with the current reports on constriction in the global rice supply pushing the panic button among some countries," he said.

Globally, the skyrocketing prices have been blamed on a worldwide crunch in rice stocks, rapid population growth, increasing fuel and transport costs, the emerging biofuels market and climate change.

The United Nations Food and Agriculture Organization (FAO) said in a recent report that commodity prices rose sharply in 2006 and continued to rise last year, partly due to a gradual reduction in global stocks of about 3.4 percent on the average annually.

In the medium term, food prices are likely to remain high, it added.

PHILIPPINE DAILY INQUIRER

**MONDAY
APRIL 7, 2008**

Dairy leads surge

The surge in prices, the FAO said, was led by the dairy sector, which increased by nearly 80 percent, while grains rose by 42 percent, last year.

Global cost of imported foodstuffs in 2007 was estimated at \$745 billion, 21 percent more than the previous year's \$615 billion, a record high.

The FAO added that developing countries were most vulnerable and could face a year of increase of about 25 percent in aggregate food import bills, including cereals, vegetable oils, dairy, meat and sugar.

Rice still RP staple

Locally, what is deemed as a "looming" rice crisis may be rooted in something more than just the global phenomenon.

Dy explained that normally, when the income of a population increases, the consumer shifts from rice to other carbohydrates such as noodles and bread. This has not happened in the Philippines.

Rice remains the country's basic staple. National daily consumption is 33,000 metric tons, up from 29,000 MT recorded two years ago.

More than the increasing population, Dy pointed out that Philippine per capita consumption had been growing at unprecedented levels.

In 1990, per capita consumption of rice was at 92.53 kilos a year; in 2000, 103.16 kilos; in 2007, 118.70 kilos. A 15-kilo increase in per capita consumption meant an additional 1.275 million MT in consumption.

More imports

Dy said per capita consumption of rice could reach 134 kilos this year, partly because the anticipated diet shift did not materialize, forcing the government to import more.

This year, the National Food Authority (NFA) is importing 2.1 million MT of rice, of which 1.2 million MT had been procured.

RP Palay Production and Population

1995 to 2005

Year	Palay Production (in metric tons)	Population*
1995	10,540,649	68,349,452
1996	11,283,568	69,946,205
1997	11,268,963	71,538,593
1998	8,554,824	73,130,985
1999	11,786,625	74,723,373
2000	12,389,412	76,320,126
2001	12,954,870	77,898,184
2002	13,270,653	79,476,245
2003	13,499,884	81,054,304
2004	14,496,784	82,636,689
2005	14,603,005	84,214,747

SOURCES: BUREAU OF AGRICULTURAL STATISTICS, NATIONAL STATISTICS OFFICE
*1995 CENSUS-BASED PROJECTIONS

But with rice hitting as much as \$747 per MT as of March and the global stockpile at its lowest in 32 years, the Philippines, one of the world's biggest importer, is concerned.

The Philippines accounts for about 7 percent of total world rice imports, estimated at 35 million MT.

According to Jessica Reyes-Cantos, lead convenor of Rice Watch and Action Network (R1), as a country progresses and the growth is distributed equitably, its people's reliance on its staple, such as rice, diminishes as it shifts to bread and pasta.

Poverty rate

"But a strong demand for the staple still reflects a population that is still mired in poverty," Cantos said. "Poverty rate in the country has risen to 33 percent."

She said the Philippines' population growth, one of the highest in Asia, was also a factor. In 1990, the Philippines' population was 60.7 million; 76.3 million in 2000; 82.6 million in 2004; 86.2 million in 2006; 88.7 million in 2007; and 90.4 million in 2008.

"In fairness to the Department of Agriculture, rice production has consistently been growing in the past few years. In fact, supply-wise, rough rice production has started to grow faster than the country's population growth," Dy said.

In 1990, local rice production reached 9.32 million MT, 12.39 million MT in 2000, 14.5 million MT in 2004, 15.3 million MT in 2006, 16.2 million in 2007, and 17.3 million MT in 2008.

Several farm organizations and nongovernment groups have pointed out that

"bankrupt laws" and defective policies are partly responsible for the rice situation.

Liberalization hurts

Independent think tank Ibon Foundation said liberalization policies, such as the Agriculture and Fisheries Modernization Act (Afma), only promoted the entry of foreign investments instead of supporting and subsidizing Filipino farmers.

Rice imports have consistently increased since the Afma was signed into law in 1997.

From 722,000 MT in 1997, rice imports in 2006 hit 1.7 million MT and 1.8 million in 2007. This year, the country is estimated to import 2.1 million MT.

"The country can never achieve food security and self-sufficiency under liberalization policies. What is needed is for the government to address age-old problems through government support for agriculture and a genuine land reform program," it said.

Crazy policy

Jaime Tadeo, president of the National Rice Farmers Council, described President Macapagal-Arroyo's rice policy as "crazy."

"What good would it do even if we have enough money for rice imports if there is nothing left to buy? May we remind the President that government's reliance on rice imports instead of self-sufficiency is one of the reasons we are facing an impending rice shortage," he said.

MANILA STANDARD TODAY

THURSDAY
APRIL 10, 2008

Hike workers' pay, govt tells wage boards

■ Soaring food prices may cost the country nearly 1 percent of its gross domestic product, according to Credit Suisse

THE government plans to initiate wage increases to help workers cope with rising food and fuel costs, Economic Planning Secretary Augusto Santos said.

"The wage board will ask the regions to consider wage increases so that workers' pay would catch up with prices," Santos said. Workers in Metro Manila started earning a minimum of P362 a day after a 12-peso increase last year.

The Trade Union Congress of the Philippines could seek an increase of as much as P80 in daily wages this month to help workers "recoup purchasing power," said Alex Aguilar, the labor group's assistant secretary general. A family of five in Manila needed P800 a day to survive, Aguilar said, citing a Labor Department study.

"The possible wage increase underscored inflation threats," said Yvette Marquez, who helps manage about \$6.5 billion at BPI Asset Management. "Expectations now would be that higher inflation would last until the third quarter instead of just within the first half."

Government bonds fell on the wage increase report, pushing 10-year yields to the highest in seven months, Marquez said. The peso gained on speculation the central bank may allow a stronger currency to curb import costs.

The government might review its inflation forecast this year as fuel and rice prices rose, Santos said. The retail price of rice has climbed 40 percent in the last 12 months, government data show.

Credit Suisse said yesterday that soaring food prices were likely to cost the Philippines nearly 1 percent of its economic output this year to ensure adequate supplies to the poor.

The government has announced plans to import up to 2.7 million tons of rice this year even as prices soared to near-historical levels amid tight global supplies.

President Arroyo has cited rising food prices as a threat to the Philippine economy, while analysts have warned major rice importers that soaring prices could lead to social unrest and pose security problems. The government has deployed the police and military to crack down on rice hoarders.

The Swiss-based investment bank said in a study that Manila was likely to import 2.6 million tons of rice this year at up to \$1,000 a ton to ensure it would have enough stocks to sell to the poor at subsidized prices.

"We estimate that the fiscal cost of importing rice at a high price and selling it at the current domestic price could approach 1 percent of GDP [gross domestic product] in 2008," the Credit Suisse report said.

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Hike...

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A potential loss of \$1.3 billion or 0.7 percent of GDP was likely because it would incur margin costs for storage and distribution and release it into the domestic market at its current selling price, it added.

The government, through the National Food Authority, is the country's main rice importer as well as the buyer of last resort for locally grown rice. It has recently raised the price it pays for rice it buys from Filipino farmers by 44 percent to discourage rice smuggling.

Credit Suisse said the NFA was likely to finance the bulk of its loss through government-guaranteed borrowings from commercial and state banks.

"Although the cost of the rice

subsidy is sizeable, we think the government has enough fiscal flexibility to shoulder this burden without impairing its sovereign creditworthiness," it added.

Credit Suisse said Philippine rice production had been rising steadily, to 11.3 million tons this year from 5.6 million tons in 1998, but that the growth of its population, now estimated at more than 90 million, had outpaced output growth.

Experts say the Philippines does not have adequate farmland suitable for growing the water-intensive crop.

While Philippine rice yields of 3.6 million tons per hectare are way above the 2.6 million tons per hectare in Thailand, the world's top rice exporter, Manila's production costs per ton was substantially higher at \$96 compared to \$74 for Bangkok, Credit Suisse said.

Bloomberg and AFP

THE PHILIPPINE STAR

**THURSDAY
APRIL 10, 2008**

Price of NFA rice going up

By MARIANNE GO

The government is considering an increase in the price of rice sold by the National Food Authority as well as a higher buying price for *palay* during the wet season, Agriculture Secretary Arthur Yap and NFA Administrator Jesusup Navarro said yesterday.

The announcement came as

the Department of Agriculture created an "eminent persons task force" consisting of former DA secretaries and other agricultural experts to help oversee the implementation of President Arroyo's P43.7-billion program to sustain record-high *palay* yields and eventually achieve rice self-

sufficiency amid an emerging global food crisis.

The DA and NFA will also allow the private sector to import between 300,000 to 600,000 metric tons of additional rice, on top of the 2.1 million MT that the NFA is set to import this year, Yap and Navarro announced at a press conference.

The NFA has set a floor price of P2 per kilo as a "fee" for the importation of the additional rice, and will schedule a bidding for interested private sector importers to bid on the import fee with the highest bidder paying the amount to the NFA, which would still technically be the importer on record.

The private sector importer, Navarro clarified, would pay the import fee as well as shipping and trucking cost, but the NFA would subsidize the 50 percent tariff duty through the tax expenditure fund (TEF) provided by the Department of Finance.

Navarro, however, could not say how much the national government is allotting for the additional subsidy.

The government, thus, would not earn from the tariff duties but would only collect the import fee.

"It's better than nothing," Navarro said, as there are no private importers of rice anyway and government wants to encourage the importation of additional rice. Last year, however, NFA's losses amounting to P1.5 billion was charged to the consolidate public sector deficit (CPSD).

According to Yap and Navarro, the DA will also rationalize the current buying price for *palay*, taking into account the need to support rice farmers, but also taking into consideration the effect on consumers, especially those at the poverty threshold.

Yap cautioned that raising the *palay* buying price is not a simple and easy decision to make because of its impact on poor families. It will also have an effect on NFA's selling price for rice, which is currently pegged at P18.25 per kilo.

The P18.25 per kilo, Yap and Navarro explained, already has to be reviewed to take into account the rising cost of importation.

The recently increased *palay* buying price of P17 per kilo is only temporary up to May this year, but the DA is still studying a possible increase for the wet season.

Navarro said the NFA is also increasing its market share from its traditional 15 percent to 30 percent.

At the moment, Navarro said, the NFA's rice stock is good for 59 days.

Yap reiterated that with the importation and the DA's rice production program, there is adequate rice and therefore no need to panic.

All hands on deck

The creation of the task force came at the heels of Yap's meeting at the Manila Hotel with former DA secretaries Salvador Escudero III and Domingo Panganiban.

The members of the new task force are Emil Javier, Leo Gonzalez, Santiago Obien, former DA undersecretary Apolinario Bautista and former NFA administrator Gregorio Tan.

Yap also held separate talks with Catholic Church leaders to ferret out plan to tap the Catholic Bishops' Conference of the Philippines (CBCP) and its social arm, the National Secretariat for Social Action (NAS-SA) in the nationwide distribution of government-subsidized rice for the poor.

Aside from the faith-based community, the DA is also coordinating the distribution of NFA-subsidized rice with the Department of Social Welfare and Development (DSWD) and local government units (LGUs) because these three groups have, according to Yap, their respective poverty maps that will greatly help the DA identify low-income families.

Yap said agriculture officials will also meet with mayors and other local executives to further fine-tune the involvement of the faith-based community and LGUs in this new rice distribution program, as part of the government's "aggressive procurement and aggressive distribution" strategy.

THE PHILIPPINE STAR

**THURSDAY
APRIL 10, 2008**

Price of NFA

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Also present during the initial meeting were DSWD Undersecretary Celia Yangco, Undersecretary Nena Valdez of Malacañang and Undersecretary Jesus Paras of the DA and Navarro.

Tariff cut means gov't loss

Meanwhile, the government is set to lose billions of revenue with its move to cut tariff on rice imports by 80 percent in a bid to solve a looming crisis in the country's staple food.

Bureau of Customs (BOC) Commissioner Napoleon Morales said the reduction of import duties on imported rice from 50 percent to 10 percent would have repercussion on the agency, which he admitted is already having a hard time in meeting its P254-billion target revenue this year.

Morales called on the country's economic managers to understand the impact of the reduced tariff and finally grant their plea for a reassessment of their target for the year.

The NFA has been tapped to charge the fee so that the importer on record will still reflect the government agency to ensure that they can avail of the government subsidy under the TEF.

Under the national budget, government-owned and controlled corporations (GOCCs) are allowed to apply for a tax expenditure subsidy. In the case of the NFA, to finance its grains procurement and pay for the tariff on rice imports using available funds under the TEF, which accounts for part of the national government's annual budget.

According to Yap, this will serve as an incentive to urge businessmen to import more rice amid reports of the country's dwindling rice supply.

Morales, however, admitted that he expects the earlier order of President Arroyo to lift quota on rice imports would counter effects of adjustments in tariff on rice imports on the revenue of BOC.

"We need to take decisive action to stop the hoarding and diversion of government rice stocks. Tapping the assistance of the Church, DSWD, LGUs and other groups in this effort will ensure that many eyes are keeping watch over the correct distribution of NFA rice," Yap said.

He said these groups will help sell government-subsidized rice to poor communities to guarantee that the distribution of the affordably priced staple is "targeted and reaches the intended beneficiaries."

The Catholic church leaders led by Manila Auxiliary Bishop Broderick Pabillo, Zar Gomez, country program head of CBCP-NASSA, and Fr. Mario of Caritas agreed to help distribute and sell 50,000 sacks of rice to low-income consumers via its CBCP-NASSA network.

He believes that the removal of quantitative restrictions would increase volume in rice importation since importers are encouraged to bring in more rice shipments from abroad.

"We have not yet received official notice on the lifting as of present but we will implement it as soon as we are notified. This will definitely be beneficial for Customs," he said.

Morales, however, assured that the BOC would continue to strictly monitor entry of imported rice into the country despite the lifting of the benchmark on the regulated product, adding that their drive against rice smuggling has also been very effective.

He said if smuggling were rampant, there would be flooding of the commodity in the market and no shortage in rice supply.

In a related development, Customs Intelligence and Investigation Service (CIIS) alerted 160 40-footer containers of rice from Vietnam and Thailand consigned to the Philippine International Trading Corp. (PITC), which entered the Port of Cebu early last month for spot-checking.

According to the commissioner, this is routine procedure to counter-check if the declared value of the shipment is the same as the benchmark test value of the NFA.

Malacañang earlier ordered the lifting of the 300,000-ton import quota on rice a year and corn, meaning any businessman can now freely import the two commodities for as long as they pay the right amount of duties and taxes.

In Bulacan, operatives of the National Bureau of Investigation is set to investigate two rice mills reportedly owned by Romeo Mariano Jr. after they were allegedly found violating regulations of the NFA.

NBI operatives said they found violations that include placing of commercial rice in inverted NFA sacks; failure to monitor the record book for grains business; no signboard of warehouse; no display of NFA license, no NFA license for processing and violation of the color-coding of sacks.

The establishments reportedly yielded an estimated P100 million worth of NFA and commercial rice.

Increase individual rice allocation

The Department of Trade and Industry (DTI), meanwhile, is proposing an increase in rice allocation to up to eight kilos per person from the current three kilos.

"I suggested that maybe we can increase from three kilos to a higher (allocation) but the retailers said if we increase that then we might encourage household hoarding," Trade Secretary Peter Favila said.

He said the Philippines could follow the Bangkok model wherein the government is selling three kilos, five kilos and eight kilos of rice per individual.